

### **REMARKS**

In the Office Action, the pending claims (i.e., claims 16-29 and 31) were rejected as being anticipated by U.S. Patent 7,222,094 to Ross. Ross deals with convertible debt securities—that is, securities that can be converted into stock at a later time, whereas the claims of the present application deal with straight debt securities. Thus, applicants submit that Ross does not anticipate the claims of the application. *See* MPEP § 2131 (“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.”). Nevertheless, in order to expedite allowance and/or place the claims in better form for consideration on appeal, applicants have amended independent claim 16 to clarify that the straight debt security is nonconvertible. In addition, claim 16 has been amended to clarify that at remarketing, the straight debt security is redeemed from the holder thereof (e.g., the original investor), and a remarketed straight, nonconvertible debt security is offered to a new investor. Support for the claim amendments may be found throughout the application as originally filed. *See, e.g.*, ¶¶ [0008] and [0048].

Applicants submit that claim 16 is not anticipated by Ross for at least three reasons.

**First**, Ross does not disclose issuing a *straight, nonconvertible debt* security. A straight debt security is one that is not convertible. *See* present application at ¶ [0008]. Ross, on the other hand, exclusively focuses on mechanisms involving convertible securities, i.e., debt-type securities that can be converted to stock at some point in time after issuance. *See e.g.*, Ross at col. 1:6-9. The Office Action states, at page 13:

... the Examiner has not relied upon Ross for teaching a feature of straight debt securities. Rather the Examiner has relied upon the reference for teaching toward debt securities as a class.”

This seems like an acknowledgement by the Office of the applicants’ position that Ross does not teach issuing straight, nonconvertible debt. In order for a reference to anticipate a claim, the

reference must disclose every element of the claim, either expressly or inherently. *See* MPEP § 2131. Therefore, it is not understood how the Office could on one hand acknowledge that Ross lacks a nonconvertible debt instrument, yet still reject the claim as being anticipated by Ross.

**Second**, Ross does not disclose issuing a security that is remarketable. Remarketing is a process whereby previously issued securities are redeemed at a certain point after issuance, at which time the previously issued security is remarketed as a new security (which may or may not be remarketable). Because Ross does not disclose a remarketable security, Ross does not disclose the step of “remarketing, at a remarketing time, the straight debt security by redeeming the straight debt security from a holder thereof and offering a remarketed straight, nonconvertible debt security to one or more new investors,” as recited in amended claim 16. In fact, Ross is completely silent with respect to remarketing.

The Office Action cites col. 3:61 to col. 4:3 of Ross, and in particular, the following sentences at col. 4:1-3, as disclosing this limitation of claim 16.

The obligation may be sold to a holder by an underwriter. The obligation may be sold by the issuer to the underwriter for resale to the holder.

This passage, however, does not deal with remarketing, but rather the initial issuance of Ross’s convertible obligations. According to the quoted passage, the issuer sells the obligation to an underwriter, who then sells the obligations to investors (or holders). This is simply the standard offering procedure for initially selling many types of securities. The quoted passage certainly does not disclose that, at a remarketing time, the originally issued securities are redeemed from their holders in favor of a new, remarketed security that is remarketed to new investors, as recited in amended claim 16.

**Third**, Ross does not disclose that “after remarketing, the remarketed straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the remarketed straight debt security ceases to be outstanding,” as recited in claim 16. According to the Office Action, the Office is relying on col. 11:50-53 of Ross as teaching this feature. This passage of Ross talks about redeeming securities, not remarketing them (e.g., redeeming one and issuing a new one in its place). The cited passage of Ross never mentions issuing a new, remarketed security in place of the redeemed one. Because Ross does not disclose a remarketing, it cannot disclose the feature of claim 16 that “after remarketing, the remarketed straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the remarketed straight debt security ceases to be outstanding.”

For at least these reasons, applicants submit that Ross fails to disclose all of the elements of, and therefore does not anticipate, claim 16, as well as dependent claims 17-29 and new dependent claim 31.

### **CONCLUSION**

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants do not concede the correctness of the Office Action’s rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims

from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,



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